

## Message Text

CONFIDENTIAL

PAGE 01 CARACA 06787 01 OF 02 081951Z  
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
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EPG-02 FPC-01 INT-05 OMB-01 OES-07 STR-04 TRSE-00  
ACDA-07 FEA-01 MCT-01 /107 W  
-----110229 082117Z /72

R 081734Z JUL 77  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 8319  
INFO AMEMBASSY BOGOTA  
AMEMBASSY BRIDGETOWN  
AMEMBASSY KINGSTON  
AMEMBASSY PORT OF SPAIN  
USCINCLANT NORFOLK VA  
USCINCSO QUARRY HEIGHTS CZ  
USDOC WASHDC

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 6787

E.O. 11652: GDS  
TAGS: PDIS, PINS, MORG, PINT, ENRG, PGOV, EAGR, EINV, VE  
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 6634 (NOTAL)

SUMMARY. PRESIDENT PEREZ LAUDS VENEZUELA'S DEMOCRATIC  
VOCATION IN INDEPENDENCE DAY SPEECH AND STRESSES POSITIVE  
ASPECTS OF U.S. STATE VISIT. THE AD RACE-PINERUA ORDAZ  
RESTS ON HIS OARS. VENEZUELA IS PLEASED WITH OPEC PRICE  
UNIFICATION. SUSPECTED GOV CORRUPT PRACTICES. ORLANDO  
BOSCH CALLS PRESIDENT PEREZ A TRAITOR (AGAIN) TO THE CAUSE  
OF FREEDOM. MAJOR MILITARY COMMANDS WERE CHANGED JULY 4 BUT  
THERE IS NO DECISION YET ON THE NEW MINISTER OF DEFENSE.  
END SUMMARY.

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PAGE 02 CARACA 06787 01 OF 02 081951Z

1. PRESIDENT PEREZ' NATIONAL DAY SPEECH: THE UNIVERSAL  
DEMOCRATIC VOCATION, THE U.S. VISIT AND THE FUTURE. IN A  
RINGING TRIBUTE TO VENEZUELA'S DEMOCRATIC SYSTEM, PRESIDENT  
PEREZ IN A NATIONAL DAY ADDRESS TO THE COUNTRY JULY 5  
DESCRIBED VENEZUELA'S HISTORIC DEMOCRATIC VOCATION AS ONE  
WHICH OFFERS NEAR UNIVERSAL SOLUTIONS TO THE PROBLEMS OF MAN.  
MUCH OF THE SPEECH WAS DEDICATED TO A DISCUSSION OF HIS TRIP

TO THE U.S. AND THE COMMON POLITICAL TRADITIONS OF THE U.S. AND VENEZUELA. PEREZ SAID OFTEN IN THE PAST, LATIN AMERICAN PRESIDENTS WENT TO WASHINGTON "ON A PILGRIMAGE OF PETITION," AND OTHERS "...WENT TO SEEK INDULGENCES OR INSTRUCTIONS WHICH WOULD PERMIT THEM TO SURVIVE IN THE FEUDAL AND DICTATORIAL STRUCTURES OF SOME LATIN AMERICAN COUNTRIES." PEREZ, HOWEVER, WENT AS PRESIDENT OF A PLURALISTIC DEMOCRACY. HE EMPHASIZED BOTH THAT WHICH UNITES AND SEPARATES THE TWO COUNTRIES. FURTHER, "NOW IN THE MOMENT TO SAY THAT LATIN AMERICA, FACING THE U.S., HAS A RESPONSIBILITY TO RE-AFFIRM ITS (POLITICAL) INDEPENDENCE...WHILE DEVELOPING FRIENDSHIP THROUGH MUTUAL INTERDEPENDENCE..."

PRESIDENT PEREZ SAID HE FOUND IN PRESIDENT CARTER A FRIENDLY VOICE, ONE WHO IS CAPABLE OF UNDERSTANDING THE VENEZUELAN POSITION. AND WHILE IT IS PREMATURE TO EVALUATE THE RESULTS OF THE VISIT, A DIALOGUE IN BOTH IDEOLOGICAL TERMS AND IN PRACTICAL, GLOBAL, REGIONAL AND BILATERAL TERMS HAS BEGUN.

TURNING TO DOMESTIC THEMES, PRESIDENT PEREZ PRAISED THE FIFTH DEVELOPMENT PLAN, RECOGNIZED THAT THERE IS A GENERAL "CLAMOR" TO RESIST VICIOUS PRACTICES AND GENERAL CORRUPTION AND IN THIS REGARD CALLED PARTICULARLY FOR STRENGTHENING THE JUDICIAL POWERS OF THE GOVERNMENT. HE ALSO TOOK A SWIPE AT CRASH COMMERCIALISM, SAYING THAT ONE MUST RESIST THE "CORROSIVE

CONFIDENTIAL

PAGE 03 CARACA 06787 01 OF 02 081951Z

ACTION" PROPAGATED BY THE POWERFUL COMMUNICATIONS MEDIA AND CORRUPT CONSUMER HABITS WHICH ARE IMPORTED FROM INDUSTRIAL COUNTRIES. HE CLOSED BY STRESSING SUCCESSFUL NATIONALIZATION OF THE IRON ORE AND PETROLEUM INDUSTRIES, AND THEN ASKED HIS FELLOW CITIZENS TO AVOID STERILE PARTISAN DEBATES, AND FULFILL VENEZUELA'S DESTINY.

COMMENT: PRESIDENT PEREZ' PRESENTATION REFLECTS GREAT PERSONAL SATISFACTION WITH HIS U.S. STATE VISIT. THE SPEECH WAS REplete WITH POSITIVE REFERENCE TO HIS DISCUSSIONS WITH PRESIDENT CARTER AND SHARED HISTORICAL AND POLITICAL GOALS. HE TEMPERED (ALMOST SUCCESSFULLY) HIS NATURAL INCLINATION TO PLAY THE VENEZUELAN DAVID TO THE U.S. GOLIATH AND ONLY LET HIS GUARD DOWN TWICE, WITH HIS CRACKS ABOUT CORRUPTING IMPORTED COMMERCIAL VALUES AND PILGRIMAGES. HE ALSO BALANCED HIS RHETORIC ABOUT SHARED DEMOCRATIC IDEALS AND COMMON FOREIGN POLICY GOALS WITH THE HOPE THAT HE AND HIS COUNTRYMEN WILL ENJOY SOME PRACTICAL RESULTS OF THE TRIP BEYOND MERE WORDS.

THE TONE OF THE SPEECH ALSO REFLECTED THE FACT THAT THE 1978 PRESIDENTIAL CAMPAIGN IS VERY MUCH UNDERWAY. PEREZ LOOKED BACK ON WHAT HE CLEARLY CONSIDERS HIS MAJOR

ACCOMPLISHMENTS, THE V PLAN AND THE IRON AND STEEL NATIONALIZATIONS. HE ALSO LOOKED FORWARD TO THE FUTURE AD CAMPAIGN WITH HIS REFERENCES FOR THE NEED FOR AN EFFECTIVE JUDICIARY AND TO STOP CORRUPTION. THESE LATTER TWO ITEMS ARE CLEARLY FOREMOST AMONG THE ELECTORATE'S CONCERNS.

2. THE AD RACE-PINERUA ORDAZ RESTS ON HIS OARS. AD SECRETARY GENERAL LUIS PINERUA ORDAZ ANNOUNCED THIS WEEK THAT AFTER MONTHS OF CAMPAIGNING THE PARTY MILITANTS KNOW WELL HIS POSITION AND THAT HE WOULD THEREFORE CEASE CAMPAIGNING BETWEEN NOW AND THE JULY 17 AD PRIMARY BECAUSE HE IS THE PARTY'S VIRTUAL CANDIDATE. HIS RIVAL, JAIME LUSINCHI, ON THE OTHER HAND, CONTINUED HIS ACTIVE CAMPAIGNING AND ANNOUNCED NOT ONLY THAT HE WILL WIN THE PRIMARY, BUT THAT IN THE UNLIKELY EVENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 CARACA 06787 01 OF 02 081951Z

HE DOES NOT, HE WOULD SUPPORT THE WINNER WITHOUT RESERVATIONS. ON JULY 4, LUSINCHI ALSO MAINTAINED HE IS NOT THE CANDIDATE OF THE NEW RICH, AND THAT FURTHER, BOTH FORMER PRESIDENT BETANCOURT AND PRESIDENT PEREZ REMAIN NEUTRAL IN THE CAMPAIGN. JULY 6 PRESIDENT PEREZ AND THE AD PARTY HIERARCHY LUNCHEDED WITH BOTH CANDIDATES AT MIRAFLORES PALACE.

COMMENT: PUNDITS BELIEVE THAT PINERUA ORDAZ WILL UNDOUBTEDLY WIN THE PRIMARY, WITH AT LEAST 60 PERCENT OF THE VOTE. LUSINCHI'S POSITION SEEMS TO REFLECT THIS POSSIBILITY AND THAT IT WOULD BE ADVANTAGEOUS TO THE PARTY TO DRAW TOGETHER ONCE THE BALLOTING IS OVER.

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PAGE 01 CARACA 06787 02 OF 02 082014Z  
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C O N F I D E N T I A L SECTION 2 OF 2 CARACAS 6787

3. VENEZUELA IS PLEASED WITH OPEC PRICE UNIFICATION. VENEZUELAN OFFICIALS, FROM PRESIDENT PEREZ ON DOWN, ARE OBVIOUSLY PLEASED AS WELL AS RELIEVED THAT OFT REPEATED PREDICTIONS OF AN IMMINENT REUNIFICATION OF OPEC PRICES HAVE FINALLY BEEN REALIZED. BEFORE LEAVING FOR EUROPE THIS WEEK, MINISTER OF ENERGY HERNANDEZ EXPRESSED CERTAINTY THAT LIBYA, THE LONE HOLDOUT, WOULD JOIN THE OTHERS SHORTLY IN DROPPING THE 5 PERCENT INCREASE ORIGINALLY PLANNED FOR JULY. ONCE AGAIN, VENEZUELA APPEARS TO HAVE COME UP SMELLING LIKE A ROSE. NOT ONLY DID OPEC FINALLY SETTLE ON THE PRICE LEVEL (10 PERCENT ABOVE 1976 LEVELS) WHICH THE GOV CLAIMS IT SOUGHT AS FAR BACK AS DECEMBER, BUT IN THE PROCESS VENEZUELA REASSERTED ITS ROLE AS A LEADER AND MODERATOR WITHIN THE ORGANIZATION WHILE SUFFERING NO LOSSES IN ITS OWN EXPORT SALES. IN LARGE PART, THIS SUCCESS CAN BE ATTRIBUTED TO EFFECTIVE AND RELATIVELY QUIET DIPLOMACY ON THE PART OF BOTH PRESIDENT PEREZ  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CARACA 06787 02 OF 02 082014Z

AND MINISTER HERNANDEZ.

4. SUSPECTED GOV CORRUPT PRACTICES. LOCAL PRESS ARTICLE OF JULY 7 REPORTS THAT CONGRESS HAS REQUESTED THAT TEN ALLEGEDLY IRREGULAR OPERATIONS CITED IN THE 548-PAGE "1976 CONTROLLER GENERAL'S REPORT TO THE CONGRESS" BE SUBMITTED TO THE FISCAL GENERAL'S OFFICE TO ESTABLISH IF THEY WARRANT CRIMINAL PROSECUTION. ONE OF THE OPERATIONS IS THE GOV-KELLOGG CONTRACT FOR THE CONSTRUCTION OF THE OLEFINS PLANT AT EL TABLAZO (SEE CARACAS 6352 AND 5479). ANOTHER TEN OPERATIONS, ONE OF WHICH IS THE SAME GOV-KELLOGG OLEFINS PLANT CONTRACT, WILL BE SENT TO THE CONTROLLER GENERAL'S OFFICE FOR FURTHER INVESTIGATION.

COMMENT: CONTROLLER GENERAL RECENTLY INFORMED EMBOFF THAT HIS OFFICE HAS THE FULL SUPPORT OF PRESIDENT PEREZ AND IS MAKING PROGRESS IN UNTANGLING SOME OF THE MESS WHICH SURROUNDS GOV ADMINISTRATIVE AND CONTRACTUAL PROCEDURES. HE SAID THAT HIS ORGANIZATION WAS NOW ATTEMPTING TO OBTAIN AUTHORITY FOR PRIOR REVIEW OF CONTRACTS NEGOTIATED BY AUTONOMOUS INSTITUTES AND STATE ENTERPRISES THAT

WOULD GIVE THE CONTROLLER GENERAL'S OFFICE SIGNIFICANTLY MORE CLOUT THAT IT HAS NOW.

5. ORLANDO BOSCH CALLS PRESIDENT PEREZ A TRAITOR (AGAIN). ON JULY 4, THE CARACAS ENGLISH LANGUAGE PAPER "THE DAILY JOURNAL" CARRIED A LONG INTERVIEW WITH CUBAN TERRORIST ORLANDO BOSCH. BOSCH REITERATED THAT HE HAD BEEN FRAMED BY THE GOV, CALLED PRESIDENT PEREZ A TRAITOR TO THE CAUSE OF LIBERTY. HE CATEGORICALLY DENIED ANY COMPLICITY IN THE OCTOBER 6 CUBANA AIRLINES CRASH BUT EXPRESSED SATISFACTION THAT THE DEED HAS BEEN DONE IN ANY CASE, SINCE "NONE OF THE PASSENGERS" WERE INNOCENT. HE TOLD THE REPORTER THAT HE WOULD HAVE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CARACA 06787 02 OF 02 082014Z

COOPERATED WITH U.S. GOVERNMENT AUTHORITIES IN FURNISHING INFORMATION ABOUT THE LETELIER CASE BUT THAT "U.S. OFFICIALS REFUSED HIS REQUEST THAT JOURNALISTS BE PRESENT WHEN HE WAS TO BE INTERVIEWED. HE SPECIFICALLY REQUESTED THAT RAFAEL POLEO, EDITOR AND PUBLISHER OF THE ANTI-COMMUNIST MAGAZINE, ZETA, BE ONE OF THE JOURNALISTS." BOSCH ALSO STATED CATEGORICALLY THAT HE HAD BEEN PERMITTED TO RETURN TO VENEZUELA BY THE GOV WITH THE UNDERSTANDING THAT HE NOT ENGAGE IN ANTI-CUBAN ACTIVITIES ON VENEZUELAN SOIL. FURTHER, HE MAINTAINED THAT HE WAS SCHEDULED TO MEET WITH PRESIDENT PEREZ ON OCTOBER 10 BUT THE PLANE CRASH ENDED THAT PLAN. THE SAME PAPER ALSO CARRIED A SHORTER STORY JULY 2 QUOTING A MIAMI JOURNALIST TO THE EFFECT THAT "BOSCH HAS DECLARED WAR AGAINST THE VENEZUELAN GOVERNMENT IN THE NAME OF ALL CUBAN COMBATANTS AGAINST CASTRO." SECOND STORY WAS BASED ON BOSCH INTERVIEW HERE BY MIAMI'S ARMANDO PEREZ ROURA OF WOCN.

COMMENT: THE LENGTHY BOSCH ARTICLE FOLLOWS CLOSELY THE TALE HE PRESENTED TO BLAKE FLEETWOOD IN THE "NEW YORK TIMES" ARTICLE OF MAY 13 (SEE STATE 103547) BUT CONTAINS SUBSTANTIALLY LESS DETAIL, PARTICULARLY ABOUT HIS MOVEMENTS AND HIS TIES TO VENEZUELAN POLICE OFFICIALS. EMBASSY POUCHING ARTICLES TO ARA/AND/V. NOT UNEXPECTEDLY, THE SPANISH LANGUAGE PRESS HAS NOT TOUCHED THE STORY.

6. MILITARY COMMAND CHANGES. IN CEREMONIES ON JULY 4, 22 FLAG/GENERAL OFFICERS WERE RETIRED FROM THE VENEZUELAN ARMED FORCES AND 17 OTHERS WERE PROMOTED IN THOSE GRADES. AMONG THE RETIREES WERE M/G VICTOR MOLINA VARGAS, ARMY COMMANDER, AND M/G DAMASO PEREZ MADURO, NATIONAL GUARD COMMANDER. M/G ALVAREZ TORRES, MINISTER OF DEFENSE, WAS SCHEDULED TO RETIRE BUT WAS EXTENDED TEMPORARILY BY THE PRESIDENT. PROMOTED TO VICE ADM. WAS MAGIN LA GRAVE FRY, WHO IS EXPECTED TO BE NAMED NAVY COMMANDER. PROMOTED TO M/G WERE LUIS LEON ARANGUEN, WHO WILL BE THE AIR FORCE COMMANDER, AND LUIS ANDRES GONZALEZ MORA, THE NEW NATIONAL GUARD COMMANDER. ALSO PROMOTED TO M/G WAS

CONFIDENTIAL

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PAGE 04 CARACA 06787 02 OF 02 082014Z

ARNALDO RAFAEL CASTRO HURTADO WHO MOVED FROM CHIEF OF  
MILITARY INTELLIGENCE TO ARMY CHIEF OF STAFF.

COMMENT: AS NOTED LAST WEEK, ALVAREZ TORRES IS STILL IN HIS JOB  
AND IT IS NOT YET CLEAR WHETHER AIR FORCE COMMANDER PAREDES  
BELLO WILL REPLACE HIM.

7. OTHER REPORTING THIS WEEK INCLUDES ASSESSMENT OF U.S.  
SECURITY ASSISTANCE PROGRAM (CARACAS A-90), ACCION DEMOCRATICA-  
LUIS PINERUA ORDAZ AND JAIME LUSINCHI DOWN TO THE WIRE (CARACAS  
A-94), NIEHOUS KIDNAPPING (CARACAS 6700), VENEZUELA'S REFUSAL  
TO ACCEPT CHILEAN HIJACKERS (SEPTTEL), PROPOSED INTER-AMERICAN  
TRAINING CENTER FOR PARK AND WILDLIFE PERSONNEL (CARACAS 6652),  
FY-78 CCP VENEZUELA (CARACAS 6635), AND MAJOR PROJECTS IN  
VENEZUELA (A-99).

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## Message Attributes

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**Type:** TE  
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**Review Markings:**  
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